



SENATE BILL 846: Shallotte Deannexations

2013-2014 General Assembly

Committee: House Finance
Introduced by: Sen. Rabon
Analysis of: PCS to Second Edition
S846-CSTMx-70

Date: July 2, 2014
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Committee Counsel

SUMMARY: *The Proposed Committee Substitute (PCS) for Senate Bill 846 would*

- *Deannex five described tracts from the Town of Shallotte.*
- *Modify the occupancy tax of the Town of Southport.*

CURRENT LAW:

SECTION 1: Under Section 1 of Article VII of the N.C. Constitution, the General Assembly is empowered to "provide for the organization and government and the fixing of boundaries of counties, cities and towns, and other governmental subdivisions, and, except as otherwise prohibited by this Constitution, may give such powers and duties to counties, cities and towns, and other governmental subdivisions as it may deem advisable."

Pursuant to this Section, the General Assembly enacted Article 4A of Chapter 160A of the General Statutes, which authorize municipalities to enact ordinances to add territory to their municipal limits by annexation.

The General Assembly has not enacted any method for municipalities to *deannex* property – that power remains with the General Assembly.

SECTION 2: In 1989, the Town of Southport was authorized to levy up to a 3% room occupancy tax. Southport administered the occupancy tax, due and payable on a monthly basis. The proceeds were to be used to promote tourism and economic development, for waterfront development, and other public purposes.

In 2002, the authority for the occupancy tax was modified to allow for the levy of an additional 2% room occupancy tax, if Southport had levied the first occupancy tax. The 2002 changes also provided that the proceeds from the occupancy tax would be remitted, on a quarterly basis, to the Southport Tourism Development Authority by Southport. The Authority was required to use at least 2/3 of the proceeds to promote travel and tourism in Southport, and the remainder for tourism related expenditures. The 2002 changes specified what qualified as promotion of travel and tourism, and tourism related expenditures.

BILL ANALYSIS:

SECTION 1: The PCS for Senate Bill 846 would deannex five described areas from the Town of Shallotte.

SECTION 2: The PCS would modify the distribution process for the proceeds of the occupancy tax to provide that until the supplemental 2% occupancy tax is levied by the Southport Board of Aldermen, Southport must use at least 2/3 of the proceeds to promote travel and tourism, and the remainder for tourism related expenditures. When the supplemental 2% occupancy tax is levied, then Southport is to remit the proceeds to the Southport Tourism Development Authority, with at least 2/3 of the proceeds to be used to promote travel and tourism and the remainder for tourism related expenditures.

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BACKGROUND: The Town Manager reported that the Town of Shallotte does not oppose the deannexation.

EFFECTIVE DATE: The PCS would make the deannexation effective July 31, 2014 and the remainder of the bill effective when it becomes law.